



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: December 6, 2011

To: Council Vice President Robert Lilligren and Council Member Elizabeth Glidden
Referral to: Committee of the Whole/IGR Subcommittee

Subject: Federal, State, Local Update

Recommendation: Receive and File

Prepared by: Gene Ranieri, Director, Intergovernmental Relations Department

Approved by: _____

Presenters in Committee: IGR Staff

Supporting Information:

Federal Update.

Asian Carp. Draft legislation related to Asian carp and the lock and dams on the Upper River was reviewed by local and state officials. The legislation was written at the request of Rep. Keith Ellison's Office. The bill as drafted authorizes the temporary closure of the dams if there is evidence of Asian carp in the Upper River. The local and state review recommends language authorizing studies to determine the circumstances to close the dams and studies to assess the economic impact and costs of the closure including redevelopment of property impacted by the potential closures. The comments will be discussed with Rep. Ellison's staff within the next few weeks.

3% Withholding. As previously reported legislation was passed by the Senate to eliminate the requirement that the equivalent of 3% of a contract with a public entity be withheld. The bill passed the House and was signed by the President last week. The 3% requirement was scheduled to go into effect in 2013.

FY 2012 Appropriations. The House and Senate are attempting to complete an omnibus appropriations bill that would include funding for the remaining 9 appropriation measures. The omnibus combined with the previously passed minibus would spend the \$1.043 trillion agreed to in the Budget Control Act and not the House limit of \$1.019 trillion. Possible stumbling blocks are policy riders proposed for health care, and the environment (clean air regulations).

If the omnibus is not adopted by December 16, the Congress to avoid a government shutdown will need to pass a continuing resolution (CR). If a CR is passed it will probably be in effect for no longer than thirty days.

Payroll Tax Extension. Congress and the Administration are attempting to find a compromise solution to extend the payroll tax reduction which expires at the end of the year. To enact the extension, the cost of the extension must be offset by new revenue, expenditure reductions or a combination of both. At this time the offset has not been determined.

State Update.

Revenue Forecast. The December forecast projects a surplus of approximately \$876 million for the current biennium (FY2012 – 2013). The surplus will be used to restore state reserves. Another forecast is due in February 2012.

Redesign Caucus. A bipartisan caucus of legislators led by Rep. Carol McFarlane (R-White Bear Lake) and Rep. Diane Loeffler (DFL-Minneapolis) has been engaged in developing proposals to help in redesigning government services. The caucus has worked closely with the Association of Minnesota Counties, the League of Minnesota Cities, the Minnesota School Boards Association and several private foundations and nonprofit organizations. The caucus and the participating work groups have conducted informational and structured working sessions throughout the state. A report summarizing the meetings and working sessions is due by the end of the year. The report is expected to include recommendations of which some may require legislative action.

Metropolitan Council. The Metropolitan Council's Community Development Committee met on Monday, December 5. Among the agenda items was the approval of the Transit Oriented Development Program. The program will be a new category within the Livable Communities Act authorized activities. The new program will provide cities with resources to conduct development along transit ways. The program should be approved by the Metropolitan Council this month. Applications should be available in early 2012 and grants should be awarded in April 2012.